

**REPORT OF THE CORPORATE DIRECTOR POLICY, PERFORMANCE AND
CORPORATE SERVICES****FINANCIAL CONTRIBUTION TO EXPERIENCE NOTTINGHAMSHIRE****Purpose of the Report**

1. To propose an increased County Council contribution to Experience Nottinghamshire (EN) for the 3 year period 2012/13 – 2014/15 in order to ensure on-going support for tourism marketing, promotion and destination development activity for the County.

Information and AdviceTourism and its importance to the Nottinghamshire Economy

2. The County Council's Strategic Plan (2010 – 2014) recognises tourism as a key contributor to the Nottinghamshire economy and gives a commitment that, at the end of 2014, the Council will have *'sought out opportunities to contribute to enhancing Nottinghamshire as a tourism destination and increased the number of visitors to the County'*.
3. In addition, the D2N2 (Derbyshire & Derby City and Nottinghamshire & Nottingham City) Local Enterprise Partnership has identified tourism as one its key priority sectors.
4. The importance of tourism and the visitor economy to Nottinghamshire is demonstrated by the following facts;
 - Tourism and the visitor economy is worth an estimated £1.38 billion per annum to Nottingham and Nottinghamshire of which £0.91 billion (64%) is attributable to the County (source: Nottinghamshire STEAM Report 2010)
 - Over 16,000 jobs in Nottingham and Nottinghamshire are directly linked to the visitor economy, with a further 4,000 indirectly linked
 - National targets set by Visit England suggest that the visitor economy has the potential to grow by 5% year-on-year to 2020
 - Nottingham and Nottinghamshire is the 15th most popular destination in the UK in terms of inbound international visitors
 - There are 30.18 million day visitors to the area annually and 1.63 million commercial visitors staying overnight in serviced and non serviced accommodation.

5. It is recognised however, that there remains unexploited tourism potential within Nottinghamshire. In its Tourism and Economic Development Review (April 2012) the Communities and Environment Standing Committee made a series of recommendations, including the development of a tourism 'offer' around the Pilgrim Fathers and other heritage-based tourism assets. Economic Development Committee will be considering the Standing Committee's recommendations in Autumn 2012.

Experience Nottinghamshire (EN)

6. EN is the recognised 'Destination Management Organisation' (DMO) for Nottingham and Nottinghamshire and was established in 2004 as a not for profit partnership between the public and private sectors. The City and County Councils are founding partners, financial contributors and elected members from both Councils sit on the Company's Board.
7. When EN was formed both City and County Councils transferred responsibility for their tourism marketing and promotions work to it. Both have Service Level Agreements (SLAs) which govern the funding allocated to the Company.
8. The Government recognises the value of DMO's such as EN and is committed to their future as the main delivery organisation for strategic tourism investment. Visit England, the national tourism board, cites the following rationale for the existence of DMOs:

'To create a successful and sustainable visitor economy in an area, all the components that make a successful destination need to be managed in an integrated and long-term way, with a clear focus on the needs of both residents and visitors. This is pivotal to the Strategic Framework for Tourism in England objective "to offer compelling destinations of distinction".'

9. EN has been recognised by Visit England as one of only 14 'attract brands' which it is supporting via its successful round 2 Regional Growth Fund (RGF) bid. The successful project, called '*Growing Tourism Locally*' is intended to stimulate economic growth and jobs locally by providing additional monies to the successful local destination partners. This will be accompanied by a national campaign aimed at inspiring Britons to take more short breaks and holidays at home.
10. The Visit England/RGF award will mean that EN has access to up to £400,000 from 2012/13 to 2014/15 to deliver enhanced promotional and marketing campaigns. To access the full Visit England/RGF award, EN has to secure additional cash match-funding of £200,000 per annum over the 3 years and a total of £280,000 in-kind.
11. The funds will be used to support four new marketing campaigns under the following headings:
 - Love local – food, drink, traditions and crafts
 - What legends are made of – heroes, villains, famous Nottinghamshire authors / artists

- Do it outdoors – exploring the County’s green estate, country parks and hidden gems. Walks, cycling, horse-riding and sport in Nottinghamshire’s quiet countryside
- Cultural inspiration – art, heritage, history and events

The campaigns form an integrated 3 year marketing campaign designed to attract more visitors to Nottinghamshire and Nottingham. It is anticipated that this will be launched later in the year with the main campaign activity aligned to the 2013 season and the key events in Nottinghamshire during that period (e.g. the Ashes test match in July 2013).

12. It is anticipated that those destinations that make a success of their Visit England/RGF awards will be in a strong position to secure additional funding from future government schemes to promote tourism. If the full tourism growth potential arising from the Visit England/RGF award is to be realised, it is important that EN secures the additional match funding.

Funding

13. EN receives funding from both the private sector as well as local authorities. Income from private businesses and corporate partners accounts for approximately 39% of the organisation’s annual income and is raised through a membership scheme, sponsorship, earned income from commissions and donations. 56% of Experience Nottinghamshire’s business members are from Nottinghamshire and 44% from the City area.

14. The demise of East Midlands Development Agency (emda) and East Midlands Tourism has meant EN’s funding fell by 25% in 2010/2011. Excluding costs and income associated with the Nottingham Tourist Information Centre EN has the following funding streams;

Income £264,000 (41.64% of total)

Nottingham City Council contribution £248,000 (39.11%)

Nottinghamshire County Council contribution £118,000 (18.61%)

Ashfield District Council contribution £2,562 (0.4%)

Gedling Borough Council contribution £1,500 (0.24%)

Total £634,062

15. In recognition of both existing, as well as potential benefits resulting from EN activities, it is considered appropriate that the County Council increases its contribution to £218k for this and the next two financial years.

16. The recommended increase to £218,000 per annum over three years will ensure a more equitable contribution from both main funding partners of the organisation and ensure that the Visit England/RGF award can be match-funded to more fully exploit the benefits accruing to the County over the 3 years of the project.

Measuring Impact

17. Should Policy Committee agree to the contribution to EN outlined in this report, it is recommended that an SLA is developed which better measures the performance of the Company. Key performance indicators and targets have traditionally focussed upon outcomes such as increased visitor numbers, overnight stays and value of tourism to the visitor economy. Whilst these are the outcomes which are ultimately being sought, there are many variables which influence their achievement which the Company cannot influence, not least the overall state of the economy.

18. For this reason it is recommended that more direct, output and impact based indicators and targets are developed for inclusion in the SLA such as:

- ratio of return on investment (ROI) in as a result of marketing campaigns (using Visit England definition of ROI)
- external funding leverage as a result of additional County Council financial contribution to EN
- Increased visitor awareness of marketed destination 'offers'
- increased business membership
- increased website hits and enquiries
- performance feedback from key stakeholders

19. In addition to this, it is proposed that the SLA require dedicated support from the Company to work with the Council in scoping and developing an enhanced visitor offer around key potential growth areas such as heritage-based tourism.

Other Options Considered

20. Other options considered were to keep the financial contribution to EN at the current level or to increase it by a lesser amount than the increase recommended in the report.

21. However, if funding levels are not increased by the amount set out in this report, the following adverse impacts are likely to be felt:

- An inability to maximise the immediate and longer-term benefits of the Visit England/RGF grant award
- A reduction in marketing and promotional activity within the County area
- An inability to access the required EN support to develop the tourism/visitor offer in Nottinghamshire in order to maintain and grow the visitor economy over the medium to long term (e.g. development of a Pilgrim Fathers and other heritage-based tourism offers).

Reason/s for Recommendation/s

When EN had more funding partners, including significant contributions from emda and East Midlands Tourism, it was able to ensure a strong and equitable approach to tourism marketing and promotion across both County and City. However, this cannot continue due to ongoing funding pressures. The proposed increase to £218,000 per annum over three years will ensure a more equitable contribution from both main funding partners of the organisation.

Statutory and Policy Implications

22. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.
23. There are no material implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service.

RECOMMENDATION/S

- 1) To increase the County Council funding contribution to Experience Nottinghamshire for the 3 year period 2012/13 – 2014/15 to £218,000 per annum subject to the development of, and successful performance against, a Service Level Agreement between the Council and Experience Nottinghamshire
- 2) To invite the Chief Executive of Experience Nottinghamshire to give a presentation on the work of Experience Nottinghamshire to a future meeting of this Committee.

Jayne Francis-Ward
Corporate Director Policy Planning and Corporate Services

For any enquiries about this report please contact:

Celia Morris
Group Manager – Corporate Strategy
Tel: 0115 9772043

Constitutional Comments (SLB 28/08/2012)

24. Policy Committee is the appropriate body to consider the content of this report; it has responsibility for the discharge of all functions and the exercise of all powers not expressly reserved to Full Council or any other part of the County Council.

Financial Comments (MA 28/09/12)

25. The financial implications are as detailed in the report. Finance & Property Committee have been requested to approve a contingency allocation of £100,000 for 2012/13, with subsequent requirements included in the budget proposals for the years in question.

Background Papers

NCC Strategic Plan 2010-2014
Communities and Environment Standing Committee Report Tourism and Economic
Development Review (April 2012)

Electoral Division(s) and Member(s) Affected

All